



# INTERNATIONAL EGG AND POULTRY REVIEW

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## Europe: Feed Prices

European poultry and egg producers are struggling with rising feed costs. Feed represents the largest single production factor for poultry and eggs and feed prices are at historically high levels this year. The European Commission expects poultry prices to rise 10% in 2008.

Tight cereal supplies led the European Commission to propose to set the compulsory set-aside rate at zero, compared to the normal 10% rate, for autumn 2007 and spring 2008 plantings. A lower than expected harvest in 2006 (265.5 million metric tons) led to tightening supplies and historically high prices. Intervention stocks are about 1 MMT in September 2007 compared to 14 MMT at the beginning of 2006/2007. Reducing the set-aside rate from 10% to 0% is expected to increase output by at least 10 MMT and possibly 17 MMT if farmers decide to use the maximum amount of land possible to produce cereals at the expense of other crops.

Wheat is the main European Union grain crop and the wheat producing nations of France, Germany and the UK were hit by drought in the spring and persistent and heavy rains damaged ripened wheat at harvest time. Coarse grain production was also lower in the EU-27. To offset the reduced supply of wheat, the EU will need to import more coarse grains. Since the EU has a zero tolerance policy on non-approved genetically modified products, corn is not allowed to be imported from the U.S. and Argentina, and leaving Brazil as its only major source of imported corn.

Global 2007/2008 wheat production is projected 606.24 million metric tons (MMT). 4.2 MMT lower than the August projection of 610.40 and global coarse grain production is increased 1.9 MMT, to 1,061.76 compared to the August projection of 1,059.83 MMT according to the latest World Agricultural Supply and Demand Estimates published by USDA on September 12, 2007.

## World Wheat Production MMT

	2005/06	2006/2007*	chg
World	622.64	593.07	-29.57
U.S.	57.28	49.32	-7.96
Argentina	14.50	15.20	0.70
Australia	25.37	9.90	-15.47
Canada	26.78	25.27	-1.51
EU-27	132.36	124.8	-7.56
India	68.64	69.35	0.71
FSU-12	91.93	85.94	-5.99
Russia	47.70	44.90	-2.80
China	97.45	104.00	6.55
Pakistan	21.61	21.7	0.09

## World Coarse Grain Production MMT

	2005/06	2006/2007*	chg
World	978.30	979.94	1.64
U.S.	298.76	280.10	-18.66
China	147.70	153.56	5.86
EU-27	146.74	138.69	-8.05
FSU-12	55.17	58.55	3.38
Brazil	44.17	53.17	9.00

## World Corn Production MMT

	2005/06	2006/2007*	chg
World	696.16	703.30	7.14
U.S.	282.31	267.60	-14.71
China	139.36	145.00	5.64
EU-27	61.15	55.19	-5.96
Brazil	41.70	51.00	9.30

\*estimates

Sources: USDA/Foreign Agricultural Service; Europe Press Release; USDA World Agricultural Supply and Demand Estimates; Iowa State University Extension; Various news wires

## Free Trade Agreements

The U.S. Senate Finance Committee voted in favor of the initial draft of a free trade agreement with Peru in a "mock" hearing on September 21, 2007, two years after the accord was reached. The current draft was modified early this year to include tougher environmental and labor provisions.

This is the first vote on a free trade agreement since the Administration and Congress agreed on a path for the consideration of four pending free trade agreements last May. The other agreements are with Panama, Colombia and South Korea.

The nonbinding vote is the first step for congressional ratification of the free trade agreement.

The House Ways and Means Committee is scheduled to hold a similar "mock" session on September 25, 2007. The Administration can then send the agreement to Congress under the Trade Promotion Authority (TPA), also called the fast-track rules, meaning Congress must accept or reject the agreement without filibuster of amendment.

The U.S. and Peru reached the accord at the end of 2005 and signed it in April 2006. The Peruvian Congress ratified it a year ago. Peru is also pursuing free trade agreements with the European Union and China.

The Trade Promotion Authority expired on June 30, 2007, however trade deals negotiated under the presidential trade promotion authority are still covered by the Trade Promotion Authority.

In a tele-news conference on September 24, 2007, Acting Secretary of Agriculture Chuck Conner noted the importance to American agriculture of the pending four free trade agreements with Peru, Colombia, Panama and Korea. Taken together, they can generate an estimated \$3.2 billion additional agricultural export sales for American producers each year.

Source: U.S. State Department International Information Programs; Office of U.S. Trade Representative; USDA Office of Communications Transcript by Acting Agriculture Secretary Chuck Conner; Various news wires

**INSPECTED EGG PRODUCTS-****U.S. & CANADA IMPORT/EXPORT TRADE****U.S. Exports to Canada, in Pounds (000) (Preliminary)**

Week Ending	September 15, 2007	Year-To-Date		
Type	2007	2006 /1	2007 /2	2006
Liquid	0	59	2,711	7,081
Frozen	40	0	65	172
Dried	0	0	489	450
Total	40	59	3,265	7,703

**U.S. Imports From Canada, in Pounds (000) (Preliminary)**

Week Ending	September 15, 2007	Year-To-Date		
Type	2007	2006 /1	2007 /2	2006
Liquid	270	299	11,964	2,817
Frozen	3	0	266	766
Dried	40	0	699	66
Total	313	299	12,929	3,649

**Inspected Shell Eggs****U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

Week Ending	September 15, 2007	Year-To-Date		
	2007	2006 /1	2007 /2	2006
Jumbo	0	0	0	150
Extra Large	1,620	2,730	34,519	64,881
Large	150	5,365	55,650	123,106
Medium	3,666	2,010	40,859	66,582
Ungraded	2,910	1,510	61,118	91,058
Misc	0	0	7,105	6,195
Total	8,346	11,615	199,251	351,972

/1 Comparable Week, to-date figures may not total due to rounding.

/2 Includes revisions to previous week(s)

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Source: USDA AMS Poultry Programs, Market News &amp; Analysis

**U.S./Canadian Live Poultry Slaughtered Under Inspection**

Week Ending September 15, 2007 (Preliminary)

**U.S. fowl slaughtered domestically**

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	947	1,551	2,498
Last Week	795	1,119	1,914
Same week yr ago	970	1,542	2,512
To-date/2007	40,798	53,547	94,345
To-date/2006	40,564	54,789	95,353

**U.S. fowl slaughtered in Canada**

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	463	3	466
Last Week	196	0	196
Same week yr ago	0	0	0
To-date/2007	9,524	26	9,550
To-date/2006	5,870	26	5,896

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

**Total U.S. fowl slaughtered in the U.S. and Canada**

	Light Hens	Heavy Hens	Total Hens
	-----Thousands-----		
Head	1,410	1,554	2,964
Last Week	991	1,119	2,110
Same week yr ago	970	1,542	2,512
To-date/2007	50,322	53,573	103,895
To-date/2006	46,434	54,815	101,249

Source: USDA AMS Poultry Programs, Market News &amp; Analysis Branch

**CENTRAL REGION MECHANICALLY SEPARATED CHICKEN**

FOB SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

September 21, 2007

**CHICKEN WITH SKIN ADDED**

	---- PRICES ----		---- VOLUME ----	
FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	13.00-16.00	142,800	-
WTD AVERAGE		15.14		
15-20%				
RANGE	16.00-20.00	11.00-15.50	1,686,000	404,000
WTD AVERAGE	17.11	12.73		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

\* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

**EASTERN REGION MECHANICALLY SEPARATED CHICKEN**

FOB SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

September 21, 2007

**CHICKEN WITH SKIN ADDED**

	---- PRICES ----		---- VOLUME ----	
FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	18.00	15.00-16.00	586,800	260,800
WTD AVERAGE	18.00	15.75		
15-20%				
RANGE	16.00-21.00	11.00-16.00	1,890,400	1,070,400
WTD AVERAGE	18.29	13.40		
20% OR MORE				
RANGE	-	14.00	80,000	-
WTD AVERAGE		14.00		

\* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

**NATIONAL YOUNG TURKEY PARTS**, INCLUDING BULK MEAT and FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 25 SEPTEMBER 2007.

The market tone on fresh tom breast meat was mostly steady, balance of fresh white meat steady to instances fully steady. The market tone on frozen scapula barely steady to weak, balance of frozen white meat at least steady. Demand on frozen scapula extremely light, fresh tom breast meat moderate to instances good, balance of white meat light to moderate. Increased negotiating activity was noted on contracts for 2008. Offerings of frozen scapula adequate to burdensome, balance short to adequate mostly light to adequate with fresh destrapped tenderloins and frozen tom breast meat the least available. Some noted increased offers on fresh tom breast meat towards the later part of the week. Trading was active on tom drums for export to Asia, moderate on fresh tom breast meat for domestic, balance light. For domestic: fresh wing meat with skin 97, scapula: fresh 118-119, frozen (current production) 95 November shipments, plant grade basted 20-24 lb. breasts 175 cents delivered. For export: frozen strap-in tenderloins 195.50 cents shipping point.

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>	<b>WEEKLY</b>	<b>WEEKLY</b>
<b>FRIDAY, SEPTEMBER 21, 2007</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>	<b>PRICE</b>	<b>VOLUME (000)</b>
DRUMSTICKS, TOMS	59.00-62.00		61.30	560	60.67	760
WINGS FULL-CUT - TOMS	49.00		49.00	40	48.25	160
WINGS, V-TYPE, TOM	62.00		62.00	104	61.00	208
TAILS	27.00		27.00	52	25.70	92
MECHANICALLY SEPARATED 2/		F	17.00	40		
THIGH MEAT - FROZEN		T	88.43	184	88.43	184

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>THURSDAY, SEPTEMBER 20, 2007</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS		W	59.00	80
WINGS FULL-CUT - TOMS		T	48.00	120
WINGS, V-TYPE, TOM		M	60.00	104
TAILS		T	24.00	40
MECHANICALLY SEPARATED 2/		F	17.00	40
THIGH MEAT - FROZEN		T	88.43	184

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>WEDNESDAY, SEPTEMBER 19, 2007</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS	59.00		59.00	80
WINGS FULL-CUT - TOMS		T	48.00	120
WINGS, V-TYPE, TOM		M	60.00	104
TAILS		T	24.00	40
MECHANICALLY SEPARATED 2/		F	17.00	40
THIGH MEAT - FROZEN		T	88.43	184

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>TUESDAY, SEPTEMBER 18, 2007</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS	58.50-59.00		58.83	120
WINGS FULL-CUT - TOMS	48.00		48.00	120
WINGS, V-TYPE, TOM		M	60.00	104
TAILS	24.00		24.00	40
MECHANICALLY SEPARATED 2/		F	17.00	40
THIGH MEAT - FROZEN	88.00-89.00		88.43	184

<b>EXPORT TRADING</b>	<b>PRICE</b>	<b>L.S.T.</b>	<b>WTD AVG</b>	<b>VOLUME</b>
<b>MONDAY, SEPTEMBER 17, 2007</b>	<b>RANGE</b>	<b>CODE 1/</b>	<b>PRICE</b>	<b>(000)</b>
DRUMSTICKS, TOMS		F	60.00	364
WINGS FULL-CUT - TOMS		F	48.17	236
WINGS, V-TYPE, TOM	60.00		60.00	104
TAILS		F	26.50	108
MECHANICALLY SEPARATED 2/		F	17.00	40
THIGH MEAT - FROZEN		F	90.00	120

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY

2/ Product contains 15/20% fat with skin added.